

Message Text

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TO AMEMBASSY JAKARTA

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E.O. 11652: N/A

TAGS: BEXP, ID

SUBJECT: P.T. ALCOMIN

REF: JAKARTA 8043

SUMMARY: DAVID H. BAKER, DIRECTOR, OFFICE OF EXPORT DEVELOPMENT, MET WITH ALCOA OFFICIALS IN PITTSBURGH ON JULY 22 TO DISCUSS POINTS RAISED IN REFTEL AND TO OFFER ASSISTANCE OF THE USG ON THE PROJECT. ALCOA INDICATED PROJECT WILL BE ONE OF THE LARGEST DEVELOPMENTS IN THEIR INTERNATIONAL SYSTEM. KEY DECISIONS UNTIL PROJECT MANAGER IS SELECTED WILL BE MADE BY SENIOR ALCOA OFFICIALS IN PITTSBURGH. MAJOR PROCUREMENT WILL BEGIN AFTER COMPLETION OF THE PROJECT FEASIBILITY STUDY AND UNTIL THAT TIME, ALCOA BELIEVES USG INITIATIVES ARE INAPPROPRIATE. ALCOA HAS NOT DECIDED ON FINANCING ARRANGEMENTS FOR THE PROJECT. COMPANY APPRECIATES USG INTEREST IN PROJECT AND INDICATED WE CAN EXPECT THEIR FULL COOPERATION THROUGHOUT THE DEVELOPMENT OF THE PROJECT.

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1. DAVID BAKER MET WITH J.T. HOOVER, GENERAL MANAGER

INTERNATIONAL, TO DISCUSS P.T. ALCOMIN PROGRAM AND TO DEFINE THE AREAS WHERE USG INITIATIVES WERE APPROPRIATE AT THIS TIME. BAKER EXPRESSED THE INTEREST OF THE USDOC: EMBASSY IN SEEING THAT ALCOA GIVE FULL CONSIDERATION TO U.S. PROCUREMENT PARTICULARLY WHERE THE ECONOMICS OF PROCUREMENT ABROAD ARE EQUIVALENT TO THOSE IN THE U.S.

2. ALCOA OFFICIALS INDICATED P.T. ALCOMIN IS THE LARGEST INTERNATIONAL PROJECT THEY CURRENTLY HAVE UNDER CONSIDERATION. COMPANY EXPECTS THE INITIAL FEASIBILITY STUDIES TO BE COMPLETED BY NOVEMBER 1. PROCUREMENT WILL BEGIN AFTER COMPLETION OF THE FEASIBILITY STUDY WITH MAJOR DECISIONS BEING MADE BY SENIOR EXECUTIVES IN PITTSBURGH. COMPANY BELIEVES USG ACTION AT THIS TIME ON PROCUREMENT DECISIONS IS INAPPROPRIATE SINCE FEASIBILITY STUDY MUST BE APPROVED BY GOI PRIOR TO GOING FORWARD WITH PROJECT. ALCOA HAS INFORMALLY CONTACTED SUPPLIERS ON CRITICAL COMPONENTS BUT COMPANY HAS NOT PREPARED DETAILED SPECIFICATIONS AND TENDER DOCUMENTS AND THEY WILL NOT DO SO UNTIL AFTER GOI APPROVAL. EMBASSY MAY WISH TO DISCREETLY INQUIRE AS TO CURRENT GOI POSITION ON PROJECT.

3. ALCOA WILL PREPARE DETAILED FINANCIAL PLAN ON COMPLETION OF FEASIBILITY STUDY AND APPROVAL BY GOI. WE UNDERSTAND COMPANY HAS INFORMALLY APPROACHED EXIMBANK ON PROJECT AND EMBASSY MAY WISH TO HIGHLIGHT THIS PROJECT WITH BANK OFFICIALS. COMPANY HAS NOT MADE PRECISE ESTIMATE OF U.S. PROCUREMENT.

4. WE AGREE WITH EMBASSY THAT PROJECT OFFERS SUBSTANTIAL OPPORTUNITIES FOR U.S. PARTICIPATION. WE WILL CONTINUE TO MAINTAIN A DIALOGUE WITH ALCOA OFFICIALS AND BELIEVE IT IMPORTANT FOR EMBASSY TO DO LIKEWISE. OUR PARTICULAR INTEREST IS IN THE SELECTION OF THE DESIGN CONSTRUCTOR ON THE PROJECT, ASSUMING ALCOA DECIDES ON AN OUTSIDE CONTRACTOR, BUT WE WILL ENDEAVOR TO FIND OUT THE MAJOR SUBSTANCE OF THE PROCUREMENT PACKAGES AND THE DATES FOR ISSUANCE OF TENDER DOCUMENTS. ALCOA HAS ASSURED US THAT WE CAN EXPECT THEIR FULL COOPERATION THROUGHOUT THE DEVELOPMENT OF THE PROJECT. KISSINGER

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